# MORTGAGE BANKING

JANUARY 1986

The Magazine of Real Estate Finance

1986 ECONOMIC FORECAST

# MORTGAGE BANKING

VOLUME 46 NO. 4
JANUARY 1986

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# MORTGAGE MARKET TRENDS

The Mortgage Bankers Association's economic outlook (see article by Gramley, page 10) suggests that many of the favorable economic conditions in 1985, that allowed the housing industry to register its third consecutive year of strong sales and construction activity, are likely to continue in 1986. Economic growth is expected to remain moderate, employment will probably continue to register steady gains, the inflation rate should remain stable and mortgage rates are anticipated to average near the levels that prevailed in late 1985. As a result, we feel that 1986 should be another year of solid performance for housing.

However, it is also MBA's view that caution should be exercised in planning for the new year. While the forecasted financial environment augurs well for the housing industry, we do not expect housing activity in 1986 to improve materially for many of the reasons that restrained the industry's response to last year's sharp drop in interest rates.

In the first place, the strength of housing sales and construction during the last three years, combined with the sharp slowdown in households formed in the important 20- to 29-years of age group, means that backlogs of demand for housing built-up in the early 1980s may have been largely filled. Thus, significantly higher levels of housing activity will be harder to come by unless interest rates drop to unexpectedly low levels.

Moreover, although the level of nominal mortgage rates dropped substantially last year, the real level remained very high by historical standards. Barring a significant reduction in the federal budget deficit, there is little reason to believe that real interest rates will fall materially in 1986. As a consequence, the inflation-adjusted cost of homeownership is likely to remain high. In addition, the tighter underwriting standards that followed in the wake of rising mortgage loan delinquency rates will continue to make it more difficult for first-time homebuyers to qualify for loans.

Further, the marked slowdown in inflation in recent years has greatly diminished the speculative investment component of housing demand relative to the late 1970s and we do not expect much of a turnaround in this aspect of housing demand in 1986.

At the same time, while the economy as a whole is expected to continue growing next year, severely depressed economic conditions in the Midwest are likely to restrain housing activity in that region.

Finally, the construction of apartment buildings and commercial structures will be affected by the rise in vacancy rates and overbuilding that has occurred in many parts of the country. A reduction in multifamily construction may well occur and nonresidential construction will likely rise more slowly than in 1985.

On balance then, 1986 should shape up to be a year of opposing forces, leaving housing activity near the healthy levels experienced in 1985. Housing starts should hover around 1¾ million units, total home sales should be between 3.6 to 3.8 million units and single-family origination volume can be expected to rise only modestly from the estimated 1985 level of $210 billion. Given the favorable interest outlook, fixed-rate mortgages should account for about half of total originations, allowing the secondary mortgage market to remain at the healthy level of activity achieved in 1985.

**Edison R. Zayas**
*Senior Economist*
*December 17, 1985*

# HOUSING ACTIVITY

## RESIDENTIAL STRUCTURES, BY UNIT TYPE

(Units in thousands)

| YEAR AND MONTH | HOUSING STARTS | | | | | | PERMITS 17,000 ISSUING PLACES | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | | | Seasonally Adjusted Annual Rate | | | Actual | | | Seasonally Adjusted Annual Rate | | |
| | Total | 1-4 Units | 5+ Units | Total | 1-4 Units | 5+ Units | Total | 1-4 Units | 5+ Units | Total | 1-4 Units | 5+ Units |
| 1985 | | | | | | | | | | | | |
| JUN | 163 | 110 | 53 | 1,701 | 1,123 | 578 | 156 | 100 | 56 | 1,712 | 1,091 | 621 |
| JUL | 160 | 114 | 46 | 1,663 | 1,148 | 515 | 158 | 103 | 55 | 1,694 | 1,088 | 606 |
| AUG | 161 | 110 | 52 | 1,740 | 1,156 | 584 | 159 | 101 | 58 | 1,784 | 1,117 | 667 |
| SEP | 148 | 98 | 50 | 1,616 | 1,058 | 558 | 167 | 93 | 74 | 1,808 | 1,076 | 732 |
| OCT | 172 | 113 | 59 | 1,761 | 1,202 | 559 | 158 | 100 | 58 | 1,688 | 1,077 | 611 |
| **NOV$_P$** | **120** | **77** | **43** | **1,547** | **1,021** | **526** | **119** | **73** | **46** | **1,648** | **1,021** | **627** |
| 1983 TOTAL | 1,703 | 1,181 | 522 | | | | 1,605 | 1,035 | 570 | | | |
| 1984 TOTAL | 1,750 | 1,206 | 544 | | | | 1,682 | 1,065 | 617 | | | |
| 11 MONTHS | | | | | | | | | | | | |
| 1985 | 1,651 | 1,135 | 516 | | | | 1,610 | 1,014 | 596 | | | |
| 1984 | 1,616 | 1,093 | 523 | | | | 1,575 | 1,005 | 570 | | | |
| 1983 | 1,595 | 1,112 | 483 | | | | 1,497 | 970 | 527 | | | |
| 1982 | 979 | 685 | 294 | | | | 904 | 578 | 326 | | | |

## RESIDENTIAL STRUCTURES BY REGION

(Units in thousands)

| YEAR AND MONTH | STARTS | | | | | | | | PERMITS 17,000 ISSUING PLACES | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | | | | Seasonally Adjusted Annual Rate | | | | Actual | | | | Seasonally Adjusted Annual Rate | | | |
| | North East | Mid-West | South | West | North East | Mid-West | South | West | North East | Mid-West | South | West | North East | Mid-West | South | West |
| 1985 | | | | | | | | | | | | | | | | |
| JUN | 27 | 27 | 67 | 42 | 284 | 239 | 737 | 441 | 26 | 25 | 64 | 42 | 275 | 254 | 743 | 440 |
| JUL | 23 | 23 | 70 | 44 | 208 | 217 | 783 | 455 | 23 | 26 | 66 | 43 | 238 | 256 | 754 | 446 |
| AUG | 25 | 25 | 66 | 44 | 230 | 241 | 751 | 524 | 25 | 25 | 65 | 44 | 266 | 259 | 770 | 489 |
| SEP | 24 | 23 | 61 | 40 | 229 | 230 | 703 | 454 | 25 | 24 | 65 | 53 | 242 | 225 | 758 | 583 |
| OCT | 32 | 28 | 73 | 40 | 304 | 222 | 805 | 430 | 29 | 25 | 65 | 39 | 282 | 228 | 736 | 442 |
| **NOV$_P$** | **19** | **15** | **56** | **30** | **209** | **186** | **730** | **422** | **21** | **16** | **51** | **31** | **279** | **199** | **709** | **461** |
| 1983 TOTAL | 168 | 218 | 935 | 382 | | | | | 164 | 188 | 863 | 390 | | | | |
| 1984 TOTAL | 204 | 243 | 866 | 436 | | | | | 201 | 212 | 812 | 457 | | | | |
| 11 MONTHS | | | | | | | | | | | | | | | | |
| 1985 | 233 | 225 | 725 | 433 | | | | | 248 | 221 | 692 | 450 | | | | |
| 1984 | 190 | 232 | 815 | 413 | | | | | 186 | 200 | 760 | 430 | | | | |
| 1983 | 159 | 207 | 873 | 357 | | | | | 153 | 179 | 806 | 360 | | | | |
| 1982 | 109 | 142 | 544 | 184 | | | | | 98 | 118 | 487 | 200 | | | | |

## HOUSING ACTIVITY (Cont'd.)

| YEAR AND MONTH | HOUSING SALES (Units in thousands) | | | | VALUE OF NEW CONSTRUCTION PUT IN PLACE (Dollars in millions) | | | | CONSTRUCTION STATUS (Units in thousands) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | EXISTING HOUSES[1] | NEW HOMES | | | Seasonally Adjusted Annual Rate | | | | Seasonally Adjusted Annual Rate Under Construction | | | Completions | | |
| | | Sold | Available For Sale | Months Supply at Current Rate | Total | 1 Unit | 2+ Units | Non-res. | Total | 1-4 Units | 5+ Units | Total | 1-4 Units | 5+ Units |
| 1985 | | | | | | | | | | | | | | |
| MAY | 297 | 65 | 355 | 6.4 | $201,472 | $83,676 | $28,360 | $89,436 | 1,089 | 644 | 445 | 132 | 85 | 47 |
| JUN | 297 | 65 | 355 | 6.1 | 198,405 | 82,926 | 29,233 | 86,246 | 1,075 | 634 | 441 | 164 | 108 | 56 |
| JUL | 311 | 63 | 351 | 5.8 | 199,236 | 83,572 | 29,475 | 86,189 | 1,073 | 636 | 437 | 146 | 100 | 46 |
| AUG | 337 | 61 | 351 | 5.9 | 201,457 | 84,048 | 29,410 | 87,999 | 1,084 | 642 | 442 | 154 | 103 | 51 |
| SEP | 281 | 55 | 352 | 6.4 | 203,721 | 84,068 | 29,801 | 89,852 | 1,063 | 625 | 438 | 159 | 111 | 48 |
| **OCT[P]** | **296** | **54** | **357** | **6.5** | **205,350** | **85,690** | **30,920** | **88,740** | **1,090** | **637** | **453** | **150** | **108** | **42** |
| 1983 TOTAL | 2,719 | 623 | | | | | | | | | | 1,390 | 1,016 | 374 |
| 1984 TOTAL | 2,868 | 639 | | | | | | | | | | 1,652 | 1,137 | 515 |
| 10 MONTHS | | | | | | | | | | | | | | |
| 1985 | 2,847 | 593 | | | | | | | | | | 1,398 | 955 | 443 |
| 1984 | 2,484 | 559 | | | | | | | | | | 1,369 | 939 | 430 |
| 1983 | 2,337 | 529 | | | | | | | | | | 1,127 | 819 | 308 |
| 1982 | 1,676 | 341 | | | | | | | | | | 817 | 577 | 240 |

## LENDER ACTIVITY

### LONG-TERM MORTGAGE LOANS CLOSED

By Type of Institution and By Unit Type

(Dollars in millions)

| YEAR AND MONTH | TOTAL | | | | | 1-4 UNITS | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Mtg. Bankers[9] | S&Ls | Banks[2] | Life Cos. | Total | Mtg. Bankers[9] | S&Ls | Banks[2] | Life Cos. |
| 1985 | | | | | | | | | | |
| JAN | $20,183 | $ 4,004 | $ 7,922 | $ 7,323 | $ 934 | $ 13,591 | $ 3,894 | $ 5,722 | $ 3,927 | $ 48 |
| FEB | 20,961 | 4,273 | 7,941 | 7,351 | 1,396 | 12,944 | 3,717 | 5,618 | 3,555 | 54 |
| MAR | 25,406 | 4,333 | 10,681 | 8,350 | 2,042 | 16,517 | 4,037 | 7,887 | 4,502 | 91 |
| APR | 26,120 | 4,849 | 11,955 | 7,403 | 1,913 | 17,909 | 4,467 | 9,178 | 4,208 | 56 |
| MAY | 28,212 | 4,548 | 13,096 | 8,519 | 2,049 | 19,602 | 4,377 | 10,268 | 4,897 | 60 |
| **JUN** | **32,550** | **5,402** | **12,665** | **12,370** | **2,113** | **20,917** | **5,052** | **9,551** | **6,232** | **82** |
| 1983 TOTAL | 276,371 | 65,050 | 103,882 | 91,500 | 15,939 | 193,535 | 55,680 | 81,524 | 55,605 | 726 |
| 1984 TOTAL | 297,406 | 53,160 | 129,482 | 97,776 | 16,988 | 196,139 | 44,500 | 96,187 | 54,626 | 826 |
| 6 MONTHS | | | | | | | | | | |
| 1985 | 153,435 | 27,409 | 64,260 | 51,319 | 10,447 | 101,481 | 25,544 | 48,224 | 27,322 | 391 |
| 1984 | 150,808 | 30,460 | 64,836 | 47,948 | 7,564 | 102,450 | 25,410 | 48,992 | 27,645 | 403 |
| 1983 | 126,145 | 33,860 | 44,644 | 41,714 | 5,927 | 89,407 | 28,390 | 35,322 | 25,338 | 357 |
| 1982 | 55,367 | 11,480 | 18,504 | 21,528 | 3,855 | 36,305 | 9,000 | 15,079 | 11,998 | 228 |

## LENDER ACTIVITY (Cont'd.)

### LOANS CLOSED (Cont'd.)

(Dollars in millions)

| YEAR AND MONTH | 5+ UNITS | | | | | NONRESIDENTIAL | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Mtg. Bankers[9] | S&Ls | Banks[2] | Life Cos. | Total | Mtg. Bankers[9] | S&Ls | Banks[2] | Life Cos. |
| 1985 | | | | | | | | | | |
| JAN | $ 1,228 | $ 36 | $ 691 | $ 399 | $ 102 | $ 5,364 | $ 74 | $ 1,509 | $ 2,997 | $ 784 |
| FEB | 1,830 | 378 | 923 | 396 | 133 | 6,187 | 178 | 1,400 | 3,400 | 1,209 |
| MAR | 2,020 | 170 | 1,162 | 511 | 177 | 6,869 | 126 | 1,632 | 3,337 | 1,774 |
| APR | 1,937 | 163 | 1,223 | 406 | 145 | 6,274 | 219 | 1,554 | 2,789 | 1,712 |
| MAY | 1,992 | 34 | 1,238 | 505 | 215 | 6,618 | 137 | 1,590 | 3,117 | 1,774 |
| **JUN$_P$** | **2,329** | **228** | **1,417** | **590** | **94** | **9,304** | **122** | **1,697** | **5,548** | **1,937** |
| 1983 TOTAL | 19,443 | 3,840 | 8,521 | 5,485 | 1,597 | 63,393 | 5,530 | 13,837 | 30,410 | 13,616 |
| 1984 TOTAL | 22,125 | 1,980 | 13,160 | 5,519 | 1,466 | 79,142 | 6,680 | 20,135 | 37,631 | 14,696 |
| 6 MONTHS | | | | | | | | | | |
| 1985 | 11,337 | 1,009 | 6,654 | 2,808 | 866 | 40,617 | 856 | 9,382 | 21,189 | 9,190 |
| 1984 | 11,829 | 1,830 | 6,427 | 2,861 | 711 | 36,529 | 3,220 | 9,417 | 17,442 | 6,450 |
| 1983 | 9,643 | 2,990 | 3,710 | 2,475 | 468 | 27,095 | 2,480 | 5,612 | 13,901 | 5,102 |
| 1982 | 3,159 | 740 | 1,232 | 958 | 229 | 15,903 | 1,740 | 2,193 | 8,572 | 3,398 |

### LONG-TERM COMMITMENT ACTIVITY

By Type of Institution

(Dollars in millions)

| YEAR AND MONTH | ISSUED DURING MONTH | | | | | OUTSTANDING | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Mtg. Bankers[9] | S&Ls | Banks[2] | Life Cos. | Total | Mtg. Bankers[9] | S&Ls | Banks[2] | Life Cos. |
| 1985 | | | | | | | | | | |
| JAN | $ 17,115 | $ 2,798 | $ 9,207 | $ 3,548 | $ 1,562 | $88,853 | $8,463 | $49,556 | $16,711 | $14,123 |
| FEB | 20,485 | 3,695 | 10,564 | 3,624 | 2,602 | 92,165 | 8,987 | 50,899 | 16,994 | 15,285 |
| MAR | 28,222 | 3,404 | 14,217 | 7,831 | 2,770 | 98,340 | 8,921 | 53,175 | 21,748 | 14,496 |
| APR | 24,853 | 3,897 | 14,893 | 3,798 | 2,265 | 97,905 | 10,616 | 55,146 | 15,865 | 16,278 |
| MAY | 25,999 | 4,355 | 15,100 | 4,115 | 2,429 | 98,643 | 10,108 | 55,898 | 16,223 | 16,414 |
| **JUN$_P$** | **27,447** | **5,087** | **14,174** | **5,385** | **2,801** | **125,455** | **11,220** | **78,076** | **19,126** | **17,033** |
| 1983 TOTAL | 260,343 | 81,070 | 123,361 | 38,195 | 17,717 | | | | | |
| 1984 TOTAL | 264,193 | 50,100 | 146,184 | 47,065 | 20,844 | | | | | |
| 6 MONTHS | | | | | | | | | | |
| 1985 | 144,552 | 23,236 | 78,155 | 28,305 | 14,856 | | | | | |
| 1984 | 141,883 | 27,390 | 77,593 | 25,650 | 11,250 | | | | | |
| 1983 | 126,101 | 43,390 | 56,024 | 18,114 | 8,573 | | | | | |
| 1982 | 48,974 | 17,670 | 18,789 | 9,290 | 3,225 | | | | | |

### MORTGAGE INSURANCE

(Units in thousands, Dollars in millions)

| YEAR AND MONTH | APPLICATIONS RECEIVED (Units) | | | | LOANS INSURED | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | FHA[3] | VA | Private | Total | | FHA(203) | | VA | | Private | |
| | | | | | Units | Amt. | Units | Amt. | Units | Amt. | Units | Amt. |
| 1985 | | | | | | | | | | | | |
| MAY | 189 | 70 | 19 | 100 | 98 | $ 6,429 | 20 | $ 1,185 | 13 | $ 868 | 65 | $ 4,376 |
| JUN | 192 | 80 | 19 | 93 | 112 | 7,330 | 36 | 2,118 | 14 | 961 | 62 | 4,251 |
| JUL | 218 | 93 | 24 | 101 | 96 | 6,558 | 11 | 656 | 16 | 1,104 | 69 | 4,798 |
| AUG | 216 | 88 | 25 | 103 | 114 | 7,646 | 28 | 1,644 | 19 | 1,275 | 67 | 4,727 |
| SEP | 201 | 82 | 26 | 93 | 130 | 8,545 | 47 | 2,771 | 20 | 1,318 | 63 | 4,456 |
| **OCT$_P$** | **205** | **84** | **24** | **97** | **122** | **8,308** | **34** | **2,041** | **16** | **1,120** | **72** | **5,147** |
| 1983 TOTAL | 1,921 | 777 | 261 | 883 | 1,302 | 79,469 | 367 | 19,141 | 283 | 17,965 | 652 | 42,363 |
| 1984 TOTAL | 1,862 | 477 | 180 | 1,205 | 1,345 | 86,777 | 200 | 10,644 | 199 | 12,730 | 946 | 63,403 |
| 10 MONTHS | | | | | | | | | | | | |
| 1985 | 1,858 | 744 | 202 | 912 | 1,040 | 68,498 | 268 | 15,630 | 148 | 10,006 | 624 | 42,862 |
| 1984 | 1,592 | 378 | 169 | 1,045 | 1,175 | 75,859 | 181 | 9,620 | 172 | 11,022 | 822 | 55,217 |
| 1983 | 1,690 | 680 | 295 | 715 | 1,066 | 63,857 | 322 | 16,282 | 237 | 14,920 | 507 | 32,655 |
| 1982 | 765 | 292 | 111 | 362 | 434 | 23,897 | 81 | 3,679 | 76 | 4,411 | 277 | 15,807 |

## SECONDARY MARKET ACTIVITY

(Dollars in millions)

| YEAR AND MONTH | FNMA Portfolio Comm. | FNMA Portfolio Purc. | FNMA Mortgage-Backed Securities Outstanding | FNMA Mortgage-Backed Securities Issued | FHLMC Comm. to Sell | FHLMC Comm. to Buy | FHLMC Mtg. Purc. | FHLMC Mtg. Sold | GNMA Pass-Through Securities Applications | GNMA Pass-Through Securities Issued |
|---|---|---|---|---|---|---|---|---|---|---|
| 1985 | | | | | | | | | | |
| MAY | $ 2,074 | $ 1,703 | $41,613 | $ 1,004 | $ 3,375 | $ 3,701 | $ 3,591 | $ 4,240 | $ 6,073 | $ 3,595 |
| JUN | 1,593 | 1,904 | 42,755 | 1,519 | 4,101 | 5,172 | 4,106 | 3,281 | 3,324 | 3,609 |
| JUL | 1,583 | 1,918 | 43,891 | 1,527 | 2,714 | 3,258 | 4,626 | 4,385 | 9,086 | 3,859 |
| AUG | 1,797 | 1,921 | 45,668 | 2,207 | 3,858 | 3,958 | 3,602 | 2,685 | 5,872 | 4,153 |
| SEP | 1,638 | 1,739 | 48,769 | 3,654 | 2,757 | 2,919 | 4,219 | 4,501 | 6,927 | 4,403 |
| **OCTp** | **1,733** | **1,767** | **50,363** | **2,228** | **4,169** | **3,995** | **3,215** | **3,081** | **6,849** | **5,795** |
| 1983 TOTAL | 18,606 | 17,558 | — | 13,081 | 30,921 | 32,846 | 22,952 | 21,376 | 70,461 | 50,495 |
| 1984 TOTAL | 21,008 | 16,722 | — | 13,546 | 30,743 | 32,601 | 21,885 | 20,489 | 36,101 | 27,859 |
| 10 MONTHS | | | | | | | | | | |
| 1985 | 17,168 | 18,224 | — | 15,587 | 35,615 | 38,483 | 34,236 | 31,671 | 52,873 | 36,098 |
| 1984 | 16,099 | 13,463 | — | 9,903 | 22,669 | 24,269 | 15,505 | 14,158 | 29,927 | 24,355 |
| 1983 | 16,139 | 14,006 | — | 11,108 | 28,064 | 29,050 | 19,929 | 19,117 | 62,033 | 44,096 |
| 1982 | 16,256 | 10,940 | — | 7,529 | 25,480 | 25,418 | 17,838 | 18,188 | 34,081 | 12,116 |

## INTEREST RATES AND YIELDS

| YEAR AND MONTH | 1- to 4-UNIT MORTGAGES: FHA OPINION SURVEY: FHA NEW[4] | FHA OPINION SURVEY: CONVENTIONAL New | FHA OPINION SURVEY: CONVENTIONAL Existing | FHLBB SURVEY: CONVENTIONAL New | FHLBB SURVEY: CONVENTIONAL Existing | FNMA Mandatory Delivery Yields: ARM (5 yr. Treas.) | FNMA Mandatory Delivery Yields: Conv. | APARTMENTS[5] |
|---|---|---|---|---|---|---|---|---|
| 1985 | | | | | | | | |
| JUN | 11.89% | 12.06% | 12.06% | 11.75% | 11.76% | 11.125% | 11.600% | 13.38% |
| JUL | 12.12 | 12.09 | 12.10 | 11.38 | 11.48 | 11.000 | 11.569 | 13.22 |
| AUG | 11.99 | 12.06 | 12.04 | 11.24 | 11.33 | 11.238 | 11.719 | 13.23 |
| SEP | 12.04 | 12.02 | 12.03 | 11.17 | 11.20 | 11.200 | 11.775 | 13.21 |
| OCT | 11.87 | 11.86 | 11.88 | 11.09 | 11.32 | n.a. | 11.575 | 13.03 |
| **NOVp** | **n.a.** | **n.a.** | **n.a.** | **11.02** | **11.29** | **n.a.** | **11.138** | **12.38** |

| YEAR AND MONTH | CURRENT SECONDARY MARKET YIELDS: GNMA[6] | FNMA[6] | FHLMC[6] | SELECTED SECURITIES: A-Rated[7] Utility | U.S. Government 10-yr. | U.S. Government 26-wk. | Prime Comm. Paper 90-119 Days |
|---|---|---|---|---|---|---|---|
| 1985 | | | | | | | |
| JUN | 11.20% | 11.20% | 11.23% | 11.62% | 10.16% | 7.09% | 7.35% |
| JUL | 11.26 | 11.30 | 11.27 | 11.64 | 10.31 | 7.20 | 7.56 |
| AUG | 11.39 | 11.38 | 11.42 | 11.77 | 10.33 | 7.32 | 7.72 |
| SEP | 11.41 | 11.43 | 11.47 | 11.87 | 10.37 | 7.27 | 7.83 |
| OCT | 11.24 | 11.28 | 11.34 | 11.82 | 10.24 | 7.33 | 7.80 |
| **NOV** | **10.96** | **10.95** | **11.01** | **11.38** | **9.78** | **7.30** | **7.77** |

### SPREADS (Basis Points)

| YEAR AND MONTH | FHA New Minus A-Utility | GNMA Minus 10-Yr. Govt. | FNMA Minus 10-Yr. Govt. | FHLMC Minus 10-Yr. Govt. |
|---|---|---|---|---|
| 1985 | | | | |
| JUN | 25 | 104 | 104 | 107 |
| JUL | 35 | 95 | 99 | 96 |
| AUG | 22 | 106 | 105 | 109 |
| SEP | 17 | 104 | 106 | 110 |
| OCT | 49 | 100 | 104 | 110 |
| **NOV** | **n.a.** | **118** | **117** | **123** |

n.a.—Not available; p—Preliminary

[1] From the National Association of Realtors "Existing Home Sales" series

[2] Mutual Savings Banks and Commercial Banks

[3] FHA applications received includes the Direct Endorsement Program starting in 1984

[4] Secondary market gross yields

[5] Federal Home Loan Mortgage Corp. Existing Construction only

[6] Securities for 0 to 30 day delivery

[7] Prior to January 1984 this rate was for Aaa-rated New Issue Utility Bonds

[8] Year-to-date seasonally adjusted series not calculated

[9] 1985 data on mortgage bankers obtained from the HUD Survey of Mortgage Lending Activity

# MORTGAGE BANKING ACTIVITY

## LONG-TERM MORTGAGE LOANS CLOSED[1]

| YEAR AND MONTH | NOT SEASONALLY ADJUSTED | | | | | | | | | SEASONALLY ADJUSTED | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1-4 Units | | | | 5+ Units | | | | | | | |
| | Total | Total | FHA | VA | Conv. | Total | FHA | Conv. | Non-[3] res. | Total[2] | 1-4 Units | 5+ Units | Non-[3] res. |
| 1984 | | | | | | | | | | | | | |
| JUL | $ 3,760 | $ 3,330 | $ 800 | $ 530 | $ 2,000 | $ 0 | $ 0 | $ 0 | $ 430 | $3,530 | $2,960 | $ 0 | $460 |
| AUG | 3,570 | 3,070 | 520 | 380 | 2,170 | 0 | 0 | 0 | 500 | 3,120 | 2,600 | 0 | 510 |
| SEP | 3,050 | 2,400 | 550 | 380 | 1,470 | 70 | 70 | 0 | 580 | 3,380 | 2,500 | 120 | 780 |
| OCT | 3,700 | 3,110 | 820 | 470 | 1,820 | 0 | 0 | 0 | 590 | 3,600 | 2,920 | 0 | 750 |
| NOV | 3,370 | 3,090 | 820 | 470 | 1,800 | 0 | 0 | 0 | 280 | 3,890 | 3,610 | 0 | 280 |
| DEC | 5,250 | 4,090 | 1,280 | 690 | 2,120 | 80 | 0 | 80 | 1,080 | 4,880 | 3,860 | 70 | 770 |
| 1983 Total | 65,050 | 55,680 | 20,620 | 12,570 | 22,490 | 3,840 | 810 | 3,030 | 5,530 | | | | |
| 1984 Total | 53,170 | 44,500 | 10,850 | 7,130 | 26,520 | 1,980 | 120 | 1,860 | 6,680 | | | | |
| 12 MONTHS[5] | | | | | | | | | | | | | |
| 1984 | 53,170 | 44,500 | 10,850 | 7,130 | 26,520 | 1,980 | 120 | 1,860 | 6,680 | | | | |
| 1983 | 65,050 | 55,680 | 20,620 | 12,570 | 22,490 | 3,840 | 810 | 3,030 | 5,530 | | | | |
| 1982 | 29,250 | 24,440 | 8,510 | 5,160 | 10,770 | 1,580 | 640 | 940 | 3,230 | | | | |
| 1981 | 33,470 | 25,830 | 8,380 | 6,200 | 11,250 | 1,740 | 770 | 970 | 5,910 | | | | |

## COMMITMENT ACTIVITY: LONG-TERM MORTGAGE LOANS[1]

| YEAR AND MONTH | COMMITMENTS DURING MONTH | | | | | | | | OUTSTANDING COMMITMENTS END OF MONTH | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | To Borrowers | | | | From Investors | | | | To Borrowers | | | From Investors | | |
| | Total | 1-4 Units | 5+ Units | Non-[3] res. | Total | 1-4 Units | 5+ Units | Non-[3] res. | 1-4 Units | 5+ Units | Non-[3] res. | 1-4 Units | 5+ Units | Non-[3] res. |
| 1984 | | | | | | | | | | | | | | |
| JUL | $ 4,060 | $ 2,940 | $ 0 | $1,120 | $ 4,050 | $ 3,580 | $ 20 | $ 450 | $10,840 | $ 70 | $570 | $9,870 | $250 | $1,570 |
| AUG | 2,920 | 2,630 | 0 | 290 | 4,220 | 3,380 | 10 | 830 | 7,430 | 40 | 500 | 7,730 | 210 | 1,600 |
| SEP | 2,910 | 2,640 | 30 | 240 | 2,760 | 2,400 | 80 | 280 | 7,350 | 300 | 500 | 7,460 | 480 | 800 |
| OCT | 3,910 | 3,240 | 0 | 670 | 4,550 | 4,090 | 30 | 430 | 7,660 | 170 | 540 | 8,400 | 370 | 740 |
| NOV | 3,430 | 2,820 | 0 | 610 | 3,880 | 2,760 | 170 | 950 | 7,460 | 40 | 690 | 6,940 | 270 | 1,050 |
| DEC | 5,480 | 4,090 | 430 | 960 | 4,850 | 3,910 | 80 | 860 | 7,850 | 100 | 750 | 7,810 | 260 | 1,170 |
| 1983 TOTAL | 81,070 | 67,740 | 4,310 | 9,020 | 79,450 | 64,240 | 5,770 | 9,440 | | | | | | |
| 1984 TOTAL | 50,100 | 41,420 | 510 | 8,170 | 55,550 | 43,820 | 3,160 | 8,570 | | | | | | |
| 12 MONTHS[5] | | | | | | | | | | | | | | |
| 1984 | 50,100 | 41,420 | 510 | 8,170 | 55,550 | 43,820 | 3,160 | 8,570 | | | | | | |
| 1983 | 81,070 | 67,740 | 4,310 | 9,020 | 79,450 | 64,240 | 5,770 | 9,440 | | | | | | |
| 1982 | 47,800 | 36,760 | 3,330 | 7,710 | 46,740 | 34,380 | 3,960 | 8,400 | | | | | | |
| 1981 | 36,700 | 30,170 | 1,200 | 5,330 | 44,700 | 30,410 | 1,740 | 12,550 | | | | | | |

## OUTSTANDING END OF MONTH INVENTORY[1]

| YEAR AND MONTH | | 1-4 Units | | | | 5+ Units | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | Total | FHA | VA | Conv. | Total | FHA | Conv. | Non-res.[3] |
| 1984 | | | | | | | | | |
| JUL | $8,870 | $6,990 | $1,480 | $1,090 | $4,420 | $730 | $0 | $730 | $1,150 |
| AUG | 7,070 | 5,520 | 1,060 | 740 | 3,720 | 640 | 0 | 640 | 910 |
| SEP | 7,390 | 5,490 | 1,010 | 680 | 3,800 | 640 | 0 | 640 | 1,260 |
| OCT | 8,060 | 6,350 | 1,190 | 870 | 4,290 | 600 | 0 | 600 | 1,110 |
| NOV | 8,010 | 6,280 | 1,190 | 850 | 4,240 | 590 | 0 | 590 | 1,140 |
| DEC | 6,840 | 6,090 | 1,500 | 980 | 3,610 | 170 | 0 | 170 | 580 |

## MORTGAGE BANKING ACTIVITY (Cont'd.)

| YEAR AND MONTH | COVERAGE[4] 1-4 Units | COVERAGE[4] 5+ Units | COVERAGE[4] Non-[3] res. | SERVICING VOLUME[1] Total | SERVICING VOLUME[1] 1-4 Units | SERVICING VOLUME[1] 5+ Units | SERVICING VOLUME[1] Non.[3] res. | NOTES PAYABLE[1] (End of Month Balances) Total | Comm. Paper | To Banks | To Others |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1984 | | | | | | | | | | | |
| JUL | 55% | 31% | 91% | $421,420 | $317,600 | $63,980 | $39,840 | $41,960 | $6,190 | $12,710 | $23,060 |
| AUG | 60 | 31 | 113 | 363,570 | 282,400 | 42,060 | 39,110 | 47,940 | 5,750 | 13,220 | 28,970 |
| SEP | 58 | 51 | 45 | 381,070 | 302,840 | 39,300 | 38,930 | 59,220 | 4,520 | 14,240 | 40,460 |
| OCT | 60 | 48 | 45 | 417,780 | 339,960 | 40,660 | 37,160 | 57,230 | 4,830 | 17,070 | 35,330 |
| NOV | 51 | 43 | 57 | 422,490 | 350,580 | 39,790 | 32,120 | 54,180 | 4,820 | 19,180 | 30,180 |
| **DEC** | **56** | **96** | **88** | **385,270** | **321,620** | **33,110** | **30,540** | **42,280** | **8,390** | **23,680** | **10,210** |

## CONSTRUCTION AND LAND LOAN ACTIVITY[1]

| YEAR AND MONTH | CONSTRUCTION LOANS CLOSED Total | 1-4 Units | 5+ Units | Non-[3] res. | DISBURSEMENTS DURING MONTH Total | 1-4 Units | 5+ Units | Non-[3] res. | Land Loans | END OF MONTH INVENTORY Total | 1-4 Units | 5+ Units | Non-[3] res. | Land Loans |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1984 | | | | | | | | | | | | | | |
| JUL | $790 | $130 | $210 | $450 | $280 | $ 70 | $10 | $200 | $180 | $2,760 | $ 900 | $240 | $1,620 | $1,120 |
| AUG | 410 | 110 | 130 | 170 | 100 | 60 | 0 | 40 | 90 | 2,200 | 790 | 190 | 1,220 | 830 |
| SEP | 440 | 100 | 160 | 180 | 100 | 50 | 10 | 40 | 120 | 2,150 | 790 | 180 | 1,180 | 800 |
| OCT | 400 | 210 | 100 | 90 | 90 | 40 | 10 | 40 | 130 | 2,180 | 780 | 220 | 1,180 | 870 |
| NOV | 210 | 140 | 50 | 20 | 170 | 110 | 20 | 40 | 240 | 3,520 | 1,380 | 410 | 1,730 | 2,260 |
| **DEC** | **470** | **270** | **120** | **80** | **430** | **220** | **30** | **180** | **470** | **9,240** | **3,790** | **790** | **4,660** | **3,440** |

## COMMITMENTS TO BORROWERS: AND LAND CONSTRUCTION LOANS[1]

| YEAR AND MONTH | ISSUED DURING MONTH Total | 1-4 Units | 5+ Units | Non-[3] res. | END OF MONTH BALANCES Total | 1-4 Units | 5+ Units | Non-[3] res. |
|---|---|---|---|---|---|---|---|---|
| 1984 | | | | | | | | |
| JUL | $1,730 | $130 | $ 60 | $1,540 | $4,090 | $870 | $470 | $2,750 |
| AUG | 770 | 190 | 80 | 500 | 3,680 | 850 | 460 | 2,370 |
| SEP | 760 | 100 | 80 | 580 | 4,170 | 760 | 580 | 2,830 |
| OCT | 710 | 150 | 160 | 400 | 3,820 | 860 | 590 | 2,370 |
| NOV | 380 | 140 | 70 | 170 | 3,230 | 680 | 430 | 2,120 |
| **DEC** | **790** | **200** | **10** | **580** | **3,910** | **930** | **280** | **2,700** |

Notes: [1] All dollar amounts are in millions.

[2] Total is seasonally adjusted separately from components. Total, therefore, may not equal sum of parts.

[3] Series labeled non-residential are also inclusive of farm data.

[4] Percent coverage equals outstanding commitments received from investors divided by the sum of outstanding end of month inventory and outstanding commitments issued to borrowers, all multiplied by 100.

[5] Year-to-date seasonally adjusted series not calculated.